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mitted data for the ten years 1920-1929, inclusive, have increased from \$56,503 in 1920 to \$138,783 in 1929. In 1920 this group of corporations accounted for 2.2 per cent of all the corporation contributions to the 13 community chests; in 1929 it accounted for 5.0 per cent. Only two community chests of the 129 reported no contributions from public utility corporations in 1929. Of the \$787,680 contributed to the 129 community chests by public utilities other than transportation for 1929, 17.4 per cent was contributed by telephone companies.

### Community Chests Outgrowth of "Federations" and War Chests

The community chest is the outgrowth of (a) the Federation of Charity and Philanthropy and (b) the War Chest. The first institution is a pre-war development; the second came into existence as a result of war-time charitable appeals. The local Federations did not succeed in building up any considerable measure of corporation support. Prior to 1917 the Y.M.C.A. seems to have been the only welfare organization which received any considerable proportion of its budget from corporation contributions. It is believed that this success was largely due to the intensive community-wide method of money-raising perfected by the Y.M.C.A. between 1905 and 1916. This technique was utilized by the various war service appeals, including the War Chest, during 1917 and 1918. In the case of the first Red Cross war drive of June, 1917, there appears to have been some reluctance on the part of corporations to make outright contributions. Successive national war service appeals between that time and the termination of hostilities received a large proportion of their total contributions from corporations.

The inclusion in the War Chest drives of 1918 of the Federations of Charity and Philanthropy enabled the first peace-time community chests, launched in 1919 and 1920, to retain the relatively high per cent of corporation contributions which had been accorded their predecessors, the War Chests.

### Corporation Contributions to Non-Chest Organizations

In cities where community chests do not exist (judging by data studied for New York, Chicago and Boston) charitable organizations receive on the whole a smaller proportion of corporation support than do community chests. This applies also to charitable organizations in community chest cities that are not members of the community chest. This is true both for current expenses and for special funds raised for buildings. The one striking exception is the Y.M.C.A. which has consistently received a considerable proportion of its funds from corporations. National organizations receive an insignificant fraction of their total funds in the form of corporation contributions. While the disaster relief appeals of the American Red Cross received considerable corporation support in many cities, it appears that, in general, corporations contributed a larger proportion of the funds raised by community chests than of the funds raised by disaster appeals in the same cities.

The complete report in printed form covers 347 pages and includes 16 charts, 68 tables, appendix tables giving detailed data as to corporation contributions for each of the 129 community chests studied, and a complete index.

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Contributing subscribers enrolling for the twelve months beginning June 1, 1930 will receive a complimentary copy of *Corporation Contributions to Organized Community Welfare Services* as well as all the other publications to be issued during the period of subscription.

# NEWS-BULLETIN

National Bureau of Economic Research, Inc.

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Divested of  
Propaganda

No. 38

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JUNE 3, 1930

## Corporation Contributions to Organized Community Welfare Services

### National Bureau Report Reveals Extent to Which Business Corporations Help Finance Welfare Activities of Community Chests and Other Charitable Organizations.

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AN analysis of the extent to which business corporations contribute to organized community welfare services in the United States has just been completed by Pierce Williams and Frederick E. Croxton of the Research Staff of the National Bureau of Economic Research, Inc., under the general supervision of Professors Edwin F. Gay and Wesley C. Mitchell, Directors of Research.

#### Scope of the Study

While primary attention is directed to the financial support accorded community chests by corporations from 1920 to 1929, inclusive, consideration is also given (1) to the contributions of corporations to pre-war community service appeals, (2) to 1917 and 1918 war service appeals of the Red Cross, Y. M. C. A., United War Work Campaign, and War Chests, (3) to the post-war appeals of social service organizations in cities which have no community chests (e.g., New York, Chicago, Boston) and of organizations in community chest cities not participating in the chest, (4) to appeals for building funds, both in chest and non-chest cities, and (5) to the appeals of national social work organizations, notably the disaster relief funds of the American Red Cross.

#### One Hundred and Twenty-Nine Cities Included

In analyzing the contributions of corporations to community chests, detailed reports were received from 129 chests. The cities in which they operate are widely distributed geographically and vary in population from 9,361 to 2,064,200. These 129 community chests represented over 40 per cent of the community chests in the United States and in 1929 they raised over 83 per cent of all funds raised by community chests in the country.

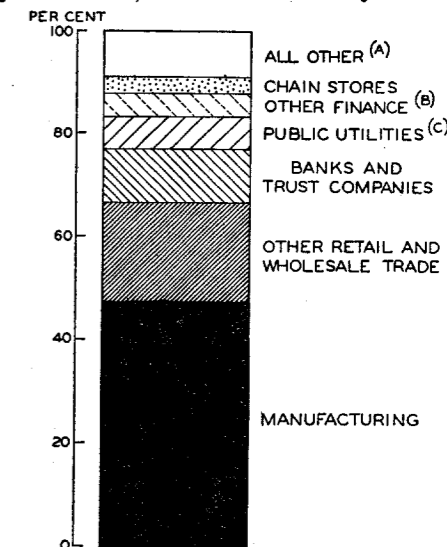
#### Twenty-Two Per Cent from Corporations in 1929

Of the \$58,801,872 raised for 1929 by 129 community chests included in this study, \$12,954,769, or 22.0 per cent, was contributed by corporations. The total number of corporation contributions was 33,977.

Of the nearly 13 million dollars contributed by corporations for 1929, 47.2 per cent came from corporations engaged in manufacturing. Retail and wholesale trade, including chain stores, contributed 22.4 per cent. In the trade group, chain store corporations accounted for 2.9 per cent. Other industries contributed as follows for 1929: banks and trust companies, 10.7 per cent; insurance companies, 1.5 per cent; finance corporations other than insurance and banking, 5.0 per cent; steam railroads, three-tenths of 1 per cent; water and other transportation, 1.4 per cent; public utilities other than transportation corporations (electric light, power and traction, gas and water, telephone and telegraph companies), 6.1 per cent; service corporations, 2.6 per cent; construction corporations, 1.9 per cent; mining and quarrying corporations, 1.0 per cent. Agriculture, in which the corporate form is assuming increasing importance, accounted for

one-tenth of 1 per cent of the total contributions by corporations to community chests. Chart I shows the foregoing data graphically.

CHART I  
Per Cent of Total Amount of Corporation Contributions, By Industries, for 129 Community Chests, 1929



A - AGRICULTURE, MINING AND QUARRYING, CONSTRUCTION, RAILROADS AND OTHER TRANSPORTATION, AMUSEMENTS AND OTHER SERVICE, AND INSURANCE  
B - FINANCE OTHER THAN INSURANCE AND BANKS AND TRUST COMPANIES  
C - PUBLIC UTILITIES OTHER THAN TRANSPORTATION

Between 1920 and 1929 the total amount contributed by corporations to community chests covered by this study increased from \$2,535,819 to \$12,954,769. This growth reflects chiefly the steady spread of the community chest movement throughout the United States. Of the 129 community chests submitting data for 1929, only 14 were in operation in 1920, and 13 of these furnished data for that year. In order to get a continuous picture for the years 1920 to 1929, inclusive, attention is directed to these 13 community chests. In 1929 they raised a little more than one-fifth of all the money raised by the 129 chests in that year. In 1920 corporation contributions amounted to \$2,535,819. They declined in 1921 and 1922, climbed continuously however in each year thereafter, reaching a total of \$2,799,192 in 1929. This represents an increase of 10.4 per cent for the ten years covered by this study. The accompanying table gives a summary of this situation in these 13 cities.

(Please turn the page)

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## Summary of All Contributions and of Corporation Contributions to 13 Community Chests\* Reporting for Each Year, 1920-1929

Year	Total contributed	Amount of non-corporation contributions	Amount of corporation contributions	Per Cent of total amount from corporations	Number of corporation contributions
1920	\$10,654,941	\$8,119,122	\$2,535,819	23.8	2,652
1921	9,144,481	6,917,655	2,226,826	24.4	3,346
1922	9,092,151	7,044,851	2,047,300	22.5	3,656
1923	9,247,372	7,008,827	2,238,545	24.2	3,937
1924	9,880,044	7,574,872	2,305,172	23.3	4,279
1925	10,195,312	7,875,622	2,319,690	22.8	4,551
1926	10,862,809	8,449,778	2,413,031	22.2	4,593
1927	11,095,735	8,487,418	2,608,317	23.5	5,000
1928	11,873,023	9,116,841	2,756,182	23.2	5,022
1929	12,239,352	9,440,160	2,799,192	22.9	5,127

\*Cities:—Cincinnati, Dayton, Detroit, Grand Rapids, Lansing, Louisville, Minneapolis, Plainfield, Rochester, N. Y., Saginaw, Springfield, Mass., Toledo, Youngstown.

The proportion of all contributions received from corporations by these 13 chests showed a slight downward tendency over the ten year period. In 1920 the proportion from corporations was 23.8 per cent. In 1929 it was 22.9 per cent. It was highest in 1921, when it was 24.4 per cent, and lowest in 1926, when it was 22.2 per cent. Charts II and III show graphically the fluctuations in the amounts and proportions received from corporations by these 13 community chests.

### Differences in Corporation Support in Different Cities

There was a marked divergence in the per cent of total contributions received from corporations by different community chests. Those in Pontiac, Mich., Rochester, New Hampshire, and Rome, N. Y., received more than 50 per cent of their total funds from corporations. Eight other community chests received 40 per cent or more from corporations. Seventeen community chests, however, received less than 10 per cent of their total funds from corporations.

Differences between community chests in respect of corporation contributions are strikingly illustrated in the cases of Ithaca and Corning, N. Y. Both cities have approximately the same population. The \$2,670 received by

### CHART II

Amount of Contributions Received from Corporations for 13 Community Chests Reporting for Each Year, 1920-1929

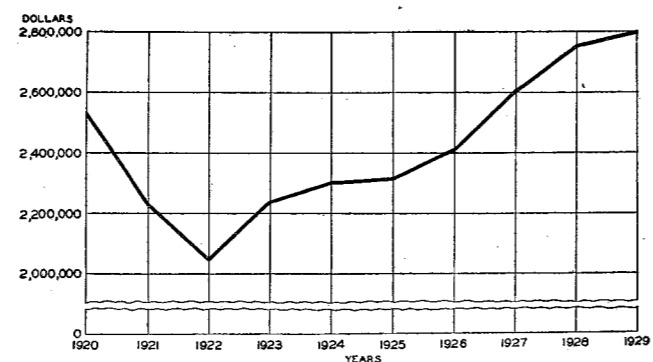
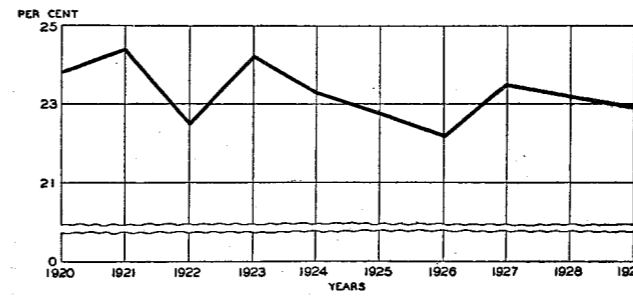


CHART III  
Per Cent of Total Amount of Contributions Received from Corporations, for 13 Community Chests Reporting for Each Year, 1920-1929



the Ithaca community chest from 29 corporations in 1929 represented only 3.7 per cent of the total amount raised. In the case of the Corning community chest, 14 corporations contributed \$17,155, or 38.3 per cent of the total raised.

The extent to which the bulk of corporation support is concentrated in a few contributions is strikingly shown by the data for 1929. In 29 community chests 50 per cent of the total amount of corporation contributions is represented by 4 per cent or less of the number of corporation contributions. There were 20 community chests in 1929 in which fewer than five corporation contributions made up 50 per cent of the total amount received from corporations.

### National Corporations Contribute to Many Chests

Corporations which are national in scope evidently have a different problem to meet in respect to community chest contributions than corporations whose interests are centered in one community. Study of contributions made to community chests by a selected group of 164 nationally known manufacturing corporations shows that together they accounted for 2,255 of the nearly 34,000 contributions made to 129 community chests in 1929 by corporations. One corporation in this selected group contributed to 99 different community chests in 1929; 5 nationally known manufacturing corporations contributed to 50 or more each; 19 contributed to 20 or more each; and 28 contributed to 10 or more community chests each.

The contributions made by these 164 nationally known manufacturing corporations represented 15.2 per cent of the total number of contributions made by all manufacturing corporations in 1929. The amount contributed by them represented 26.4 per cent of the total amount contributed by all manufacturing corporations.

An analysis of the contributions made by a number of these nationally known manufacturing corporations indicates that they made their largest contributions to community chests in cities in which they carry on important manufacturing, and that they made contributions of relatively small amounts to community chests in cities where they were represented only by sales offices. The evidence is that such corporations base their scale of contributions to community chests on their estimate of the benefit to stockholders represented by potential service to employees on the part of the welfare agencies participating in community chests.

Taking the chain store industry separately, it was found that 64.1 per cent of the total number of contributions received by community chests from chain stores in 1929 and 73.7 per cent of the total amount came from 34 national chain store concerns. Chain stores appear to base their contribution policy on a desire to cultivate local good-will.

### Contributions from Various Industries

Banks and trust companies have played an increasingly important part in the financial support of community chests, judging by the experience of the 13 community chests that submitted data for the ten years 1920-1929, inclusive. The total amount contributed to these 13 chests by banks and trust companies has grown from \$153,804 to \$243,737. The number of contributions from banks and

trust companies has increased from 79 to 142. In 22 cities banks joined together in one contribution to the community chest through the local clearing house. Twenty of these clearing house contributions in the year 1929 embraced 134 banks. Fourteen community chests out of the 129 studied reported no contributions from banks or trust companies in any year. In a dozen other community chest cities, some banks contributed and others did not contribute.

Of 33,977 contributions from corporations in 1929, 259 were from insurance companies. Sixty-four community chests reported contributions from insurance companies in 1929 and 65 reported none. Rarely did an insurance company contribute to a community chest in a city other than the one in which it has its home office. On the other hand, many insurance companies that had their head office in a community chest city did not contribute to the community chest in that city, in any year covered by the study.

Twenty-six community chests reported contributions from steam railroads, or from subsidiaries affiliated with railroads, in 1929, and 13 main line railroads are shown as contributing to some of the 129 community chests studied.

The contributions from public utility corporations other than transportation to the 13 community chests that sub-

## Report Establishes Basis For Sounder Understanding, Says Sponsors' Committee

WE, the Board of Sponsors for the Study of Corporation Contributions to Community Welfare Services, having reviewed the Report made by the National Bureau of Economic Research, commend it heartily to both corporation and community welfare officials for careful study.

The report establishes a basis for a sounder understanding between these two major parties at interest in this problem, and lays the groundwork for developing much needed fundamental principles to govern both contributions and solicitation.

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